

Message Text

LIMITED OFFICIAL USE

PAGE 01 MONROV 05819 161355Z

45

ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 SS-15 CEA-01 /067 W

----- 008883

R 161300Z AUG 76

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 1517

LIMITED OFFICIAL USE MONROVIA 5819

EO 11652: N/A

TAGS: EFIN, LI

SUBJ: GOL NEGOTIATING FOR \$29.4 MILLION EURODOLLAR LOAN

1. FOR PAST FEW MONTHS GOL OFFICIALS HAVE BEEN SEEKING EURODOLLAR LOAN TO FINANCE ITS DEVELOPMENT PROJECTS. INITIALLY GOL WAS INTERESTED IN \$60 MILLION LOAN NOT TIED TO ANY PARTICULAR PROJECT. SINCE THERE WERE NO OFFERS, THE GOL HAS REDUCED THE AMOUNT TO \$29,406,000 TO FINANCE SPECIFIC DEVELOPMENT PROJECTS OF SIX GOVERNMENT CORPORATIONS (LEC - LIBERIA ELECTRICITY CORP., LSC - LIBERIA SUGAR CORP., LTC - LIBERIA TELECOMMUNICATIONS CORP., LRPC - LIBERIA RUBBER PROCESSING CORP., LWSC - LIBERIA WATER AND SEWER CORP., LBC - LIBERIA BROADCASTING CORP.) AND AN AUTONOMOUS GOVERNMENT AGENCY, THE INDUSTRIAL FREE ZONE AUTHORITY - IFZA, OVER A FIVE YEAR PERIOD AS FOLLOWS:

(IN THOUSANDS OF DOLLARS)

| | 1976 | 1977 | 1978 | 1979 | 1980 | TOTAL |
|-----------|-------|-------|-------|-------|------|-------|
| LEC - | - | - | 1,500 | 1,500 | 1500 | 4,500 |
| LSC 2,737 | 1,000 | 1,100 | 1,800 | 200 | | 6,837 |
| LTC - | 1,600 | 3,700 | 1,500 | - | | 6,800 |

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MONROV 05819 161355Z

| | | | | | |
|-------------|-------|--------|-------|-------|--------|
| LRPC 735 | - | - | - | - | 735 |
| LWSC 50 | 100 | 97 | 95 | 92 | 434 |
| LBC 100 | -# | - | - | - | 100 |
| IFZA 2,000 | 4,000 | 4,000 | - | - | 10,000 |
| TOTAL 5,622 | 6,700 | 10,397 | 4,895 | 1,792 | 29,406 |

2. MINFIN PHILLIPS WAS APPROACHED BY LOCAL MANAGER OF CITIBANK A FEW WEEKS AGO WITH AN OFFER OF \$40 MILLION 5-YEAR LOAN AT INTEREST RATE OF 2 PERCENT ABOVE CURRENT EURODOLLAR RATE. PHILLIPS SAID GOL DIDN'T NEED \$40 MILLION BECAUSE IT HAD DECIDED TO DRAW DOWN SDR 5 MILLION FROM IMF STANDBY AGREEMENT AND \$3 MILLION FROM "RESERVES." PHILLIPS COMPLAINED THAT IN VIEW OF GOL'S GOOD RECORD IT SHOULD NOT HAVE TO PAY PREMIUM OF 2 PERCENT OVER EURODOLLAR RATE. PHILLIPS DID NOT REJECT CITIBANK OFFER BUT IS APPARENTLY WAITING FOR SOMETHING BETTER.

3. LAST WEEK CHASE MANHATTAN HAD EXPERT FROM ITS LONDON MERCHANT BANK INVESTIGATE GOL'S FINANCIAL SITUATION. CHASE IS NOW PREPARING TO OFFER 7-YEAR EURODOLLAR LOAN OF \$29.4 MILLION AT ONE AND SEVEN EIGHTS PERCENT ABOVE EURODOLLAR RATE. LOCAL CHASE MANAGER THOUGHT HIS BANK WOULD HEAD SYNDICATE OF 3 OR 4 BANKS AND MAKE FORMAL OFFER TO MINFIN THIS WEEK. CHASE FEELS GOL IS GOOD CREDIT RISK AND HAS SHAVED RATE BELOW TWO PERCENT. IF CHASE CAN GET THIS BUSINESS, IT FEELS IT WILL HAVE INSIDE TRACK FOR ADDITIONAL LOANS WITH GOL IN FUTURE.

4. COMMENT: PROVIDED DEMAND FOR LIBERIA'S MAJOR EXPORTS REMAIN STRONG, GOL SHOULD HAVE NO DIFFICULTIES IN PAYING BACK LOAN. THE DECLINE IN ITS EXTERNAL DEBT PAYMENTS OVER THE NEXT FEW YEARS SHOULD ENABLE GOL TO TAKE ON THIS ADDITIONAL DEBT.
HORAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, NEGOTIATIONS, LOANS, DEVELOPMENT PROGRAMS, PUBLIC UTILITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MONROV05819
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760314-0096
From: MONROVIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760850/aaaabrbr.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by BoyleJA>; APPROVED <08 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOL NEGOTIATING FOR \$29.4 MILLION EURODOLLAR LOAN
TAGS: EFIN, LI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006